Message Text

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ACTION NEA-10

INFO OCT-01 EUR-08 ISO-00 EB-04 AID-05 OES-02 FEA-01 INT-05

SWF-01 OMB-01 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 /079 W

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FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 1802

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

CONFIDENTIAL COLOMBO 3081

EO 11652: GDS

TAGS: PFOR, EAID, CE, IR, UR SUBJ: PRIME MINISTERS TRAVELS

REF: A) COLOMBO 2994; B) TEHRAN 9320;

C) COLOMBO 3042 NOTAL

1. SUMMARY: PRIME MINISTER SEEMS PLEASED WITH \$67
MILLION AID PACKAGE FROM IRAN AND HOPES PROMOTE
ADDITIONAL ECONOMIC AND POLITICAL TIES WITH THAT
COUNTRY. DURING FORTHCOMING VISIT TO USSR, SHE WILL
SEEK SOVIET HELP ON SAMANALA WEWA HYDROELECTRIC PROJECT.
VISITS TO MALAYSIA, THAILAND, BURMA, AND NEPAL ARE
BEING CONSIDERED FOR EARLY SPRING AS PART OF PM'S
EFFORT TO RAISE HER INTERNATIONAL PROFILE IN
ADVANCE 1976 NON-ALIGNED SUMMIT IN COLOMBO.
END SUMMARY.

2. DINNER AT MY RESIDENCE NOVEMBER 4 IN PRIME MINISTERS HONOR WAS LARGELY SOCIAL BUT I HAD CONFIDENTIAL

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OPPORTUNITY BRIEFLY TO DISCUSS HER ECENT AND

FUTURE TRAVELS. SHE SEEMED GENERALLY PLEASED WITH HER IRANIAN VISIT AND EXPRESSED HOPE HER FORTHCOMING TRIP TO SOVIET UNION WOULD ALSO YIELD SIGNIFICANT ECONOMIC RESULTS.

- 3. PM CONFIRMED \$67 MILLION ASSISTANCE PACKAGE, REPORTED TEHRAN'S 9320, NOTING IN PARTICULAR THAT \$27 MILLION FOR FERTILIZER PLANT WOULD CLOSE EXISTING GAP AND ENABLE GSL TO MOVE AHEAD WITH LONG-PLANNED UREA PLANT. (TOTAL FOREIGN EXCHANGE COST OF THIS PLANT NOW ESTIMATED AT ABOUT \$95 MILLION; IN ADDITION IRAN, OTHER CONTRIBUTORS ARE ADB, FRG, AND INDIA.) EIGHT MILLION DOLLAR BALANCE OF PAYMENTS SUPPORT ALSO WAS HELPFUL ALTHOUGH, SHE COMMENTED, IRAN APPARENTLY DID NOT FAVOR THIS TYPE OF ASSISTANCE. JOINT ECONOMIC COOPERATION COMMITTEE, ESTABLISHED AS A RESULT OF HER VISIT, WOULD LOOK INTO EXPENDITURE OF \$67 MILLION CREDITS AS WELL AS OTHER AREAS OF ASSISTANCE.
- 4. PM SPOKE WITH GREAT ADMIRATION OF SHAH AND OF IRAN, SAYING THAT, ALTHOUGH SHAH SEEMED SOMEWHAT TIRED DURING HER MEETING WITH HIM, HE NONETHELESS HAD AN EXTRAORDINARY GRASP OF THE DEVEOPMENTAL SITUATION IN HIS COUNTRY AND ENCYCLOPEDIC KNOWLEDGE OF COST AND STATUS OF VARIOUS PROJECTS. WHILE SHE EXPRESSED HOPE MORE ASSISTANCE WOULD BE FORTH-COMING, SHE INDICATED TIMING OF IRANIAN ASSISTANCE WAS PARTICULARLY IMPORTANT TO HER IN BOTH POLITICAL AND ECONOMIC TERMS. FOR EXAMPLE, FINANCE MINISTER N.M. PERERA, WHO LEADS TROTSKYITE LSSP PARTY IN HER CABINET, WAS AT BOTTOM OF GANGWAY WHEN HER AIRCRAFT RETURNED. ANXIOUSLY AWAITING WORD AS TO HOW MUCH SHE HAD BROUGHT BACK SO THAT HE COULD TAKE IRANIAN ASSISTANCE INTO CONSIDERATION WHEN HE DELIVERS ANNUAL BUDGET MESSAGE NOV 6. PRIME MINISTER COMMENTED WITH SMILE THAT SHE HOPED THAT EVERY TIME CROWN PRINCE LOOKED AT HER BABY ELEPHANT GIFT HE WOULD THINK OF SRI LANKA AND ASK FATHER TO PROVIDE MORE HELP.

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5. I ASKED MRS BANDARANAIKE WHETHER SHE PLANNED TO EXCHANGE RESIDENT AMBASSADORS WITH IRAN. SHE REPLIED IRANIANS WERE STILL SOMEWHAT SENSITIVE TO SRI LANKA'S RELATIONS WITH IRAQ ALTHOUGH SHE HAD ATTEMPTED TO ALLAY THIS CONCERN BY POINTING OUT THAT IRAQ WAS ONE OF SRI LANKA'S LARGEST TEA BUYERS. DESPITE THESE LARGE TEA PURCHASES JFGT# HAD ONLY THIS YEAR

APPOINTED RESIDENT

MCBAOZGBZZS# BAGHDAD IN

PLACE OF CHARGE, WHILE IRAQ FOR NUMBER OF YEARS HAS HAD AMBASSADOR IN COLOMBO. SHE TOLD IRANIANS IT WOULD BE EXPENSIVE FOR GSL TO SET UP EMBASSY IN TEHRAN AT EARLY DATE AND SUGGESTED AS FIRST STEP THAT GOI ASSIGN AMBASSADOR TO COLOMBO. WYM PM SAID HER VISIT TO NEW DELHI, ALTHOUGH USEFUL IN TERMS OF PROVIDING OPPORTUNITY TO SEE MRS GANDHI AGAIN, WAS ORIGINALLY LAID ON BECAUSE RETURN COMMERCIAL AIRLINE SCHEDULES FROM TEHRAN VIA DELHI AND MADRAS RESULTED IN SEVERAL FREE HOURS IN DELHI. IRANIAN GOVT LATER OFFERED SPECIAL PLANE TO TRANSPORT HER DIRECTLY FROM TEHRAN TO COLOMBO, BUT SHE HAD ALREADY ACCEPTED MRS GANDHI'S LUNCH INVITATION AND CONSEQUENTLY WENT THROUGH WITH DELHI STOP. IT ENABLED HER TO DISCUSS FUTURE ECONOMIC COOPERATION BETWEEN INDIA AND SRI LANKA.

7. NOTING THAT SHE WAS SCHEDULED LEAVE NEXT WEEKEND FOR VISIT TO SOVIET UNION, PM REITERATED REASON FOR EARLIER POSTPONEMENT OF MOSCOW VISIT (COLOMBO 2458). SHE HOPED USSR WOULD PROVIDE ASSISTANCE FOR SAMANALA WEWA HYDROELECTRIC PROJECT IN BALANGODA DISTRICT WHICH SOVIET TECHNICIANS HAVE BEEN STUDYING FOR SOME TIME. (ADB, WHICH HAS ALSO SHOWN INTEREST IN THIS PROJECT, ESTIMATED IN 1973 WOULD COST ABOUT \$70 MILLION WITH FOREIGN EXCHANGE COMPONENT ABOUT \$50 MILLION.) RECALLING THAT BALANGODA WAS HER BIRTHPLACE BUT HAD NOT RECEIVED MUCH IN WAY OF DEVELOPMENT PROJECTS, PM SAID SHE HOPED CONFIDENTIAL

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SOVIETS WOULD AGREE TO SAMANALA SCHEME WHICH WOULD BENEFIT OTHER AREAS AS WELL. SHE SEEMED REASONABLY CONFIDENT USSR WOURD COME THROUGH ON OJSAMANALA WEWA, OR OTHER MAJOR PROJECT, NOTING THAT SOVIETS WERE STILL CONCERNED ABOUT PRC'S GIFT OF SHOWPLACE BANDARANAIKE MEMORIAL HALL IN COLOMBO; THEY THEREFORE MIGHT SEEK WAS TO BALANCE OFF THIS PRC ASSISTANCE.

8. LOOKING FURTHER AHEAD, MRS BANDARANAIKE SAID THAT SHE WAS TENTATIVELY PLANNING TO VISIT OTHER PARTS OF SOUTH AND SOUTHEAST ASIA LATER NEXT SPRING ALTHOUGH FINAL DATES HAD NOT BEEN ARRANGED. VISITS TO MALAYSIA, THAILAND, BURMA, AND NEPAL ARE UNDER CONSIDERATION. THESE ADDITIONAL TRIPS, SHE NOTED,

WERE PART OF HER EFFORTS TO ENHANCE HER INTERNATIONAL STATURE IN ADVANCE OF NON-ALIGNED SUMMIT SCHEDULED FOR COLOMBO IN 1976. HOWEVER, SHE WAS AWARE THAT SHE HAD TO BE CAREFUL ABOUT THESE TRIPS. IF SHE TOOK TOO MANY, OPPOSITION POLITICIANS AND CITIZENS GENERALLY WOULD CRITICIZE HER FOR TRAVELLING EXCESSIVELY WHILE COUNTRY CONTINUES FACE SEVERE ECONOMIC PROBLEMS AT HOME. VAN HOLLEN

NOTE BY OC/T: # AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: ECONOMIC ASSISTANCE, HEAD OF GOVERNMENT VISITS, FOREIGN ASSISTANCE AGREEMENTS

Control Number: n/a Copy: SINGLE Draft Date: 05 NOV 1974 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COLOMB03081

Document Number: 1974COLOMB03081 Document Source: CORE Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A Film Number: D740317-0867

From: COLOMBO Handling Restrictions: n/a

Image Path:

Legacy Key: link1974/newtext/t19741171/aaaaciie.tel Line Count: 180 Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION NEA Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 4

Previous Channel Indicators:
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a
Reference: A) COLOMBO 2994; B) TEHRAN 9320;
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH

Review Comment: n/a Review Content Flags: Review Date: 11 JUN 2002

Review Event:

Review Exemptions: n/a
Review History: RELEASED <11 JUN 2002 by boyleja>; APPROVED <10 DEC 2002 by MorefiRH>

Review Markings:

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: PRIME MINISTERS TRAVELS

TAGS: PFOR, EAID, CE, IR, UR, (BANDARANAIKE, SIRIMAVO)

To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005